

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 497 reallocates lottery proceeds beginning in FY2016-17. Pursuant to current law, 24.75% of lottery proceeds are transferred to the Nebraska Opportunity Grant Fund and 19.75% are deposited in the Education Innovation Fund. The bill eliminates the transfer to the Nebraska Opportunity Grant Fund beginning in FY17 and provides for its share to accrue to the Education Innovation Fund. So, beginning July 1, 2016, the Education Innovation Fund will receive 44.5% of lottery proceeds. The bill provides that any allocations from the Education Innovation Fund for activities prior to FY17 shall not obligate the fund for any payments after June, 30, 2016.

The bill also requires the Education Committee of the Legislature to study potential uses of lottery funds. The factors to be studied are outlined in the bill. Study recommendations shall be reported on or before December 31, 2013.

Lottery Proceeds: The bill eliminates lottery funding for the Nebraska Opportunity Grant Program beginning in FY2016-17. The funds are currently administered by the Coordinating Commission for Postsecondary Education to provide need-based financial aid to students attending postsecondary institutions. Institutions receiving such aid include the University of Nebraska, state colleges, community colleges, private career colleges and independent colleges.

It is estimated the bill will redirect about \$10 million of lottery proceeds from the Nebraska Opportunity Grant Fund to the Education Innovation Fund beginning in FY17. The Coordinating Commission estimates the reduction in funding will decrease the number of students provided aid by about 60% from 15,924 in FY16 to 6,224 in FY16. It is unknown how the funds redirected to the Education Innovation Fund beginning in FY17 will be expended until the Legislature makes such determination.

Legislative Council: It is assumed the Legislative Council has sufficient staff and budgetary resources to handle the cost of the study in FY2013-14, so no fiscal impact is anticipated for this provision of the bill.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 497	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Matthew Eash		DATE: 3/14/2013	PHONE: 402-471-4175
COMMENTS: Concur, no fiscal impact to NDE operations and no increase in appropriations from the Education Innovation Cash Fund.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 497	AM:	AGENCY/POLT. SUB: Coord. Comm. for Postsecondary Education	
REVIEWED BY: Matthew Eash		DATE: 3/14/2013	PHONE: 402-471-4175
COMMENTS: The Commission's estimated annual loss of \$10,000,000 for financial aid to low-income students, beginning in FY 2016-17, appears reasonable.			

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 497 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) NDE/School Finance & Organization Services

Prepared by: (3) Inbody, Bergquist Date Prepared: (4) 1-29-2013 Phone: (5) 1-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

This bill continues to authorize expenditures for the Excellence in Teaching Act (ETA) from the Education Innovation Fund. Amounts are not changed from the current authorizing legislation (beginning in 2013-14, the amount available is reinstated to \$1 million). Language has been added to require that no funds received as allocations from the Education Innovation Fund for ETA can be obligated for payment to be made after June 30, 2016 and that contracts need to include a clause to communicate this requirement to recipients.

This additional requirement would not create a major concern for administration of the program. Currently, funds are awarded on an annual basis. For purposes of the 2015-16 award, the application process would be written and communicated to clearly disclose this requirement.

The bill further creates a study, to be conducted by the Education Committee regarding the potential uses of the funds available to education from lottery proceeds. The study is to be completed by December, 2013.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014 EXPENDITURES</u>	<u>2014-2015 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Fiscal Impact:

To NDE: The budget for the Department of Education was prepared on the assumption of reinstatement of ETA funds in 2013-14.

To School Districts: There would be no fiscal impact to school districts or teachers prior to the 2016/17 school year.

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 497 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Coordinating Commission for Postsecondary Education

Prepared by: (3) Carna Pfeil Date Prepared: (4) January 31, 2013 Phone: (5) 402-471-0029

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	0	0
CASH FUNDS	-10,000,000	-10,000,000	-10,000,000	-10,000,000
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	-10,000,000	-10,000,000	-10,000,000	-10,000,000

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Please note that the fiscal impact will occur in the 2016-17 fiscal year and will continue for future years.

This bill (LB 497) changes the allocation of lottery funds. As proposed by the bill beginning July 1, 2016, the state's major need-based financial aid program, Nebraska Opportunity Grant (NOG), which the Commission administers, would lose all of its current lottery allocation, which would be approximately \$10,000,000 by 2016.

Currently (2012-13), the NOG financial aid program receives 57.8% of its funding from lottery funds (\$8,804,830). Lottery funds continue to increase every year (while state general funds have remained stable). For the past three years, lottery funds for the NOG program have increased 26.7%; however, this past year lottery funds increased about 6%. Because lottery funds are not increasing as fast as in prior years, the Commission used the 6% as a reasonable indicator of yearly increases in lottery funds. The Commission estimates that by 2016, when the lottery funds would be removed from the NOG program, there would be a little over \$10 million in lottery funds available for the NOG program.

The most current data available (2011-12), shows that the average award per Nebraska low-income NOG student was \$1,031. Using the current award per student as a basis for determining how many students would be negatively affected by the removal of lottery funds in 2016, the Commission determined the number of low-income Nebraska students being served by Nebraska's low-income financial aid program, NOG, would drop from a projected 15,924 in 2015-2016 to 6,224 served in the 2016-2017 academic year – a drop of 9,700 low-income students.

Attached to this fiscal note is an analysis of how the removal of lottery funds would potentially affect students at each postsecondary institution participating in the NOG program. We are basing the analysis of future removal of lottery funds on the current distribution. However with \$10 million by 2016, the affect could be much greater than portrayed in this analysis, presuming the state does not add significant general fund dollars to the program.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2013-14 EXPENDITURES	2014-15 EXPENDITURES
	13-14	14-15		
Financial Aid Coordinator	0	0	0	0

	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Benefits			<u>0</u>	<u>0</u>
Operating			<u>0</u>	<u>0</u>
Travel			<u>0</u>	<u>0</u>
Capital outlay			<u>0</u>	<u>0</u>
Aid			<u>-10,000,000</u>	<u>-10,000,000</u>
Capital improvements			<u>0</u>	<u>0</u>
TOTAL			<u>-10,000,000</u>	<u>-10,000,000</u>

Allocation Calculation for LB497

	2012-2013 Allocations without Lottery	2012-2013 Allocations with Lottery	% Change
UNIVERSITY OF NEBRASKA:			
UNK	\$424,333	\$863,042	-50.83%
UNL	\$1,336,894	\$2,904,836	-53.98%
UNMC	\$64,181	\$124,579	-48.48%
UNO	\$951,556	\$1,874,601	-49.24%
NCTA-Curtis	\$19,844	\$43,079	-53.94%
STATE COLLEGES:			
Chadron	\$122,618	\$252,175	-51.38%
Peru	\$81,520	\$198,418	-58.92%
Wayne	\$212,294	\$472,605	-55.08%
COMMUNITY COLLEGES:			
Central	\$179,646	\$383,862	-53.20%
Metropolitan	\$397,877	\$1,025,175	-61.19%
Mid-Plains	\$59,297	\$118,767	-50.07%
Northeast	\$133,384	\$313,428	-57.44%
Southeast	\$286,067	\$776,190	-63.14%
Western Nebraska	\$68,586	\$169,691	-59.58%
PRIVATE CAREER COLLEGES:			
Capitol Schools of Hairstyling	\$28,695	\$45,205	-36.52%
College of Hair Design	\$36,944	\$77,389	-52.26%
Creative Center	\$15,443	\$28,464	-45.75%
ITT Educational Services, Inc.	\$90,816	\$280,615	-67.64%
Joseph's Colleges of Beauty	\$52,847	\$128,088	-58.74%
Kaplan University - Lincoln	\$128,495	\$378,906	-66.09%
Kaplan University - Omaha	\$180,611	\$453,568	-60.18%
La'James College	\$9,729	\$24,323	-60.00%
Omaha School of Massage and Hea	\$51,519	\$143,398	-64.07%
Vatterott College - credit hrs	\$167,183	\$790,823	-78.86%
Xenon International School of Hair	\$45,211	\$68,921	-34.40%
INDEPENDENT COLLEGES:			
Bellevue University	\$231,798	\$599,417	-61.33%
BryanLGH College of Health Scienc	\$41,863	\$86,647	-51.69%
Clarkson College	\$66,436	\$132,381	-49.81%
College of Saint Mary	\$83,881	\$184,173	-54.46%
Concordia University	\$56,872	\$100,898	-43.63%
Creighton University	\$120,609	\$251,138	-51.98%
Doane College	\$177,064	\$371,130	-52.29%
Grace University	\$26,665	\$82,295	-67.60%
Hastings College	\$77,966	\$176,920	-55.93%
Little Priest Tribal College	\$6,946	\$23,820	-70.84%
Midland University	\$95,438	\$242,963	-60.72%
Nebraska Christian College	\$22,343	\$20,779	7.53%
Nebraska Methodist College	\$49,064	\$111,817	-56.12%
Nebraska Wesleyan University	\$130,671	\$293,677	-55.51%
Union College	\$68,039	\$53,635	26.86%
York College	\$29,835	\$56,261	-46.97%
	\$6,431,080	\$14,728,099	-56.33%

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2013

LB⁽¹⁾ 497 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ February 9, 2013 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 497 would eliminate funding beginning in 2016. While there is no fiscal impact in the current biennium the University will lose (based on the current allocation) approximately \$3.8 million all of which is distributed to students for financial aid. This would have a significant impact.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____